

1964

CONGRESSIONAL RECORD — HOUSE

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I approved of the methods that were being used to certify qualified recipients of food stamps. I felt that in Uniontown they were doing a good job of policing the program. The banks that were handling the selling of the food stamps were making a good profit and the stores that were participating in the program were doing a fine job of merchandising.

By way of explanation of the profit one banking firm is making, a spokesman for the Galetton National Bank and its several subsidiary banks throughout Fayette County told us that they had collected \$30,000 in gross receipts for handling food stamp coupons. The bank's actual profit was the amount left after their expenses, which we were told included hiring an extra employee and purchasing a machine for canceling the stamps. We were told the banks charge 35 cents per transaction, which was paid for by the State of Pennsylvania.

(a) Parenthetically, however, I would like to say here that a great many retail groceries have expressed their support of this food stamp plan on the basis that they feel it would circulate many more food dollars through all their stores. Frankly, I think this may be a highly optimistic pre-conclusion. From my study of how it is working in the Uniontown area, it seems quite apparent that as this program shakes down there will be certain grocery stores in strategic areas who will find it to their advantage to key the bulk of their grocery business to the patronage of food stamp customers and this will leave the majority of groceries in the position of receiving only a token income from the food stamp source.

2. I approve of this program's goal to try and help out low-income families to put more of their dollars into food that provides an adequate and balanced diet. Of course, we have been trying to do this with our families on welfare for many years and have not been successful.

3. I cannot agree that this program when implemented to its full potential will not require more employees for both State and Federal level to carry on increased activity in policing it, educating the retailers and giving good screening to the applicants.

4. I also feel that this program should require some State participation. I am not prepared to say at just what level this State participation should be and I do not think that any of us can come up with a sound conclusion on this point with the evidence we have so far available from the pilot projects that have been carried on in the past 2 years. As to cost, here again we have absolutely no firm figures to go on or to use when we try to sell this program to the taxpayers of America.

If you want to take the full potential of a nationwide food stamp program and base it on the needs of these people, here is what you get—one-sixth of the Nation's population of 195 million people comes out to 32 million people. Using figures from both the distribution and the food stamp plans we must assume an average help per person in either program of \$5 a month in food value. In other words, \$5 worth of food paid for by the taxpayers and given to needy people. If you gave \$5 worth of food a month to 32 million people you would spend \$160 million a month or \$1.9 billion a year. If you tried to give them \$10 worth of food a month that would cost you \$3.8 billion a year. That is the present potential of a nationwide program of bringing help to every person who is in need of food. Now, let's look at what we will spend on the pilot project right now. We have 43 projects in action at an estimated cost of \$1 million a project. Testimony shows that there are 240 more areas that have applied to come under the food stamp plan. In other words, if this bill passes, the Government would immediately be asked to provide for projects on hand that would cost

you \$283 million a year. This bill calls for an appropriation of only \$75 million for the first year. It seems to me that the Secretary of Agriculture is going to have quite a problem as well as quite a political headache trying to determine which areas shall receive the benefits of the food stamp plan and which areas shall not.

These are general conclusions. Now I would like to talk to you about a specific project in my own State. I have before me a report made to me by the director of the food stamp pilot project in Grays Harbor County in the State of Washington, Mr. L. L. Hegland (may I submit the opinion that is expressed in this report is a bipartisan one. Mr. Hegland is the direct appointee of our Governor Rosellini who is a Democrat). This is a pilot project in a distress area which was started last summer. I have been watching it with great interest as part of my study of this whole proposed plan. Previous to this there was a pilot project in the neighboring State of Oregon in the city of Portland that was far from an unqualified success. There is a pending pilot project in my own hometown of Yakima in my district which has been delayed I assume because of the experience they have had in Grays Harbor. Let me present to you in his own words the testimony of the man who has had the direct responsibility at the State level for this food stamp plan in Grays Harbor.

Mr. Hegland provided me with a report comparing the direct food distribution and food stamp distribution programs in the State of Washington. He also provided a food stamp questionnaire summary which was conducted in Grays Harbor County in which they mailed to all nonrecipients who had used the direct food distribution program a questionnaire. This report shows that over half of the people who no longer participate are unable to do so because of the limitation of their cash funds. Bear in mind that these are people who are not on assistance.

Mr. Hegland concludes, "On the basis of the survey and the fact that approximately only one-third of the eligible people in Grays Harbor County are using the stamp program, we have some real question about the expansion of this program." Mr. Hegland goes on to say: "Basically, the surplus commodity distribution program was designed to do two things—use up surplus foods and supply a more adequate diet to persons of low income. It appears that the food stamp program accomplishes only a part of this, and the direct food distribution program does a much more adequate job both on using up surplus commodities and of being available to a larger number of low-income people."

I support further pilot projects of the food stamp plan in the interest of getting more meaningful data on its efficiency to reach the goals we desire and, very importantly, as to what its overall costs will be. Since there is quite obviously a potential of annual expenditures of billions of dollars in a nationwide welfare program of this sort, I think it is imperative that we make haste slowly since I am sure that we all agree that once a program of this particular nature is launched and agreed to by the Federal Government, the dictates of political realities are that it will be very difficult, if not impossible, to stop or suspend.

EXTENSION OF REMARKS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MURPHY] may be permitted to include extraneous matter in his remarks on General MacArthur and that these remarks be included in the Record of yesterday under a previous general leave permission.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

AMERICAN DILEMMA: FROM LAOS TO SOUTH VIETNAM

(Mr. FLOOD (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FLOOD. Mr. Speaker, in the course of my career in the Congress as a Representative from Pennsylvania, I have had exceptional opportunities to observe and study the operations of the world revolutionary movement known as the international communistic conspiracy. This experience has been incident to official assignments as a member of the House Committee on Foreign Affairs, the Subcommittee on Defense of the Committee on Appropriations, and of the special committee to investigate the massacre of some 15,000 Polish officers at Katyn by the international political organization known as the Union of Soviet Socialist Republics. In addition, I have made extensive studies of the problems of the Caribbean, including those of the Panama Canal and interoceanic canals generally.

The enormous territorial conquests since World War II by the forces of communistic revolution, conducted with consummate skill and impelling violence, have been directed toward objectives of high strategic importance. These include the Chinese mainland with its teeming millions, major portions of the Malay barrier controlling vital sea routes between the Pacific and Indian Oceans, countries dominating the Suez Canal and its approaches, Cuba on the northern flank of the Atlantic approaches of the Panama Canal and British Guiana and Venezuela on its southern flank.

Preceded by systematic infiltration and subversion, these conquests have been made through the scientific application of the age-old principle of paralysis of victim states and peoples in lieu of the far more costly and hazardous means of open warfare. Conducted in the form of vast flanking movements, the Red takeovers have been of magnitude that places the revolutionary planners among the most audacious and successful strategists of history. Their operations have included the extension of their own domains by absorbing the satellite nations, and then with the "stop thief" cry of colonialism, have led the movement for liquidation of European colonies, aided and abetted by the United States.

What impresses most about the territorial losses sustained by Western nations is that, without exception, the perils were clearly foreseen and understood by experienced observers and timely warnings given all governments, including our own.

Notable among the competent authorities who have spoken out is Maj. Gen. Charles A. Willoughby, who, as chief of intelligence for General MacArthur in the Southwest Pacific and Far East, 1941-51, had an unparalleled opportu-

nity to observe, study, and report upon the activities of Red power. The results of his investigations, which he has painstakingly recorded in official reports and authoritative books, in hearings before congressional committees and in numerous issues of his Foreign Intelligence Digest, form a vast reservoir of digested knowledge that is indispensable for study in connection with the formulation of national policies that are intended to improve conditions as seen and understood. Unless such authoritative writings are studied by responsible planners in our Government and their lessons heeded, our country is destined to repeat the mistakes of the past; and this, despite the fact that the requisite information was, and still is, readily available in recorded form for those who seek it.

The latest contribution by General Willoughby shows a startling parallel between what is now taking place in the jungles of southeast Asia and what occurred in Korea in an article on the "American Dilemma: From Laos to South Vietnam" in the February-March 1964 issue of Christian Crusade of Tulsa, Okla. This repeats a 1961 thesis by him in the Weekly Crusader opposing U.S. involvement in a ground war in southeast Asia and emphasizes the imperative necessity for avoiding policies that will pit the limited and educated youth of the United States against the inexhaustible and expendable, illiterate manpower of distant Asia, armed with Czech or Soviet machineguns or other lethal weapons and practicing all the barbaric atrocities typical of Communist revolutionaries.

In order to make General Willoughby's latest contribution available to the more thoughtful framers of our national policies, in the Congress and the executive branch, and to the Nation at large, I quote the article as part of my remarks:

THE AMERICAN DILEMMA FROM LAOS TO SOUTH VIETNAM

(By Gen. Charles A. Willoughby, retired)

SIAM REPORTS

Overshadowed by the headlines announcing De Gaulle's recognition of Red China, a very recent admission by the Secretary of Defense (who knows the score?) was practically ignored. He appeared before the House Armed Services Committee—which made it very official indeed. As usual, typical journalists threw in a semantic monkey-wrench. The quotes: "... the South Vietnam war is going badly despite the overthrow of the Diem regime" and on antiguerilla fighting "... I must report that the Communists have made considerable progress since the coup." There is obviously a lame suggestion that the war has been affected by the coup? A slight change in phraseology will correct this: "The war is going badly as a result of the overthrow of the Diem regime and not despite it." There is no other immediate explanation for the "considerable progress of the enemy"? Then the grim reminder that "the United States must be ready to take all necessary measures."

What measures? Accentuated air power (with which I go along) or accentuated ground troop support (which would be disastrous) in the light of the French experiences, in the same area.

THE VIETNAM ENTANGLEMENT

A mosaic of editorial opinion tells the story. I often disagree with the Capitol brainwashers but in this instance, the grim reality is unmistakable.

"North Vietnam (Communist) holds the key to the struggle. In 1958 Hanoi (Ho Chi Minh) decided to send guerrillas and military supplies across the border. Communist losses in the South can easily be repaired by continuous reinforcements."

The choice before the President is not so much what he will do in South Vietnam but what he will do with North Vietnam. Johnson is faced with ugly decisions; they estimate a showdown by summer: to continue limited commitments and prolong a wasteful stalemate—or strike for victory by sending many more troops to Vietnam (in an election year?).

Deliberately excluded from his list of choices is a withdrawal from Vietnam. American policy may be overtaken by harsh events this summer and the drama of De Gaulle's recalcitrant flirtation with Red China is probably a welcome diversion, a Trumanesque red herring.

As usual, professional military elements are brushed aside. No admission is made that the Vietnam stalemate is an exact replica of the North Korean war, i.e., the free entry into action of Chinese reinforcements from a diplomatic sanctuary. The present sanctuary is Hanoi and sheltered lines of supply through Laos, from North to South. Unless this line of supply (a jugular vein) is cut or the source of supplies, Hanoi (the Red base) punished, the "stalemate" will continue. The continuity of stalemate, at the expense of pitting expensive American con-

scripts against the cheap cannon fodder of southeast Asia, is abhorrent. As a professional soldier, I feel that way, and addressed President Kennedy, who faced the same problem then that Johnson inherited:

A LETTER TO THE PRESIDENT

"OCTOBER 28, 1961.

"His Excellency JOHN F. KENNEDY,
"The President of the United States:

"Operations in the tropical jungle of Vietnam require special qualifications. This special experience accrues only in one theater on a large scale—MacArthur's Southwest Pacific Area.

"The professionals in Washington, D.C., who have that experience are Generals Decker and Eddleman. They fought from New Guinea to the Philippines. Complete data are available in the MacArthur records. I invite attention to the development of the Philippine resistance movement volumes I, II and IV. 'The Intelligence Series S.W.P.A.'

"As regards southeast Asia, I am on record in special articles, beginning with 1954, and extensive testimony before various congressional committees.

"Before committing American troops, the debacle of the French in Indochina should be carefully considered. They had local knowledge acquired in over a century of occupation, which American troops could not possibly match. Here follows a grim reminder of French troops strengths and losses, in that terrain (1954), viz:

1. The French had 561,000 men available, as of 1952. By 1954, their losses were: Killed, 92,000; missing, 28,000; and wounded, 114,000 (excluding provincial armies).

Aggregates	Men available	Wounded	Missing	Killed
2. French contingents.....	251,000			
Metropolitan, etc.....	76,000	46,000	4,000	19,000
Foreign Legion.....	17,000	10,000	8,000	7,000
North Africans.....	37,000	11,000	2,000	* 13,000
Senegalese.....	21,000	11,000	4,000	10,000
Native units.....	100,000	87,000	12,000	43,000
3. Provincial armies.....	310,000	()	()	()
Vietnam Army.....	280,000	()	()	()
Cambodian Army.....	28,000	()	()	()
Laotian Army.....	22,000	()	()	()

* Data unavailable in detail but losses relatively small compared to contingents, under (2) supra.

"I arrived at certain conclusions in 1954 and again in 1958: The expensive Western draftee cannot be equated with the illiterate, Asiatic cannon-fodder, armed with Czech or Soviet machineguns. The use of American ground troops is 'attrition-suicide.'"

"This dangerous imbalance in manpower requires a new strategic policy: the calculated employment of nuclear mass-destruction weapons to offset the inexhaustible manpower of Asia. The use of these modern weapons (and the air delivery system) imposes no more moral strain than when Truman unleashed the first atomic bomb on Hiroshima—indeed, the provocation was far less."

CHARLES A. WILLOUGHBY,
Major General, U.S.A., Retired.

I invite attention to a previous paragraph. I stated the impasse of an expensive, frustrating stalemate: "the limited commitments which make it impossible to advance with safety, or to retreat with honour." I also gave a constructive solution: "the calculated employment of nuclear mass destruction weapons to offset the inexhaustible manpower of Asia."

CAMERONE: 1863—DIENBIENPHU: 1954

The current deteriorating situation in Indochina (Laos, Cambodia, Vietnam) is immediately traceable to the operations (and collapse) of the French, in the period 1948–1954. In a strict sequence of cause-and-effect, today's problems are unintelligible without an examination of recent history. The title references are linked by events in

the picturesque annals of the French Foreign Legion which fought and died gallantly in these places. Each year, the legion formally commemorated the defense of the "Hacienda de Camerone" April 30, 1863, when a detachment of 62 Legionnaires held the post against 2,000 Mexicans, to the last man. "Faire Camerone" has become a slogan around the campfires of the legion, to denote a fight that was hopeless from the beginning and could have only one ending.

Dienbienphu, an equally desperate incident of the war in Tonkin (1954) cannot fail to become a similar, tragic legend. It should also become a warning against any hasty formula to employ American infantry in that thoroughly treacherous area, to maintain the "prestige of the West" and "hold the line" against communism—famous clichés by assorted draftdodgers and em-busques. Our "prestige" was challenged in Cuba and not in Laos and the "line to be held" runs through metropolitan Berlin and not through Vietnam.

The French have a word for it: "Plus ça change, plus ça reste la même chose." It has all happened before. The Spanish Civil War was the first blueprint for the attempted takeover of prospective Soviet victims; it was a blueprint followed for Greece, Korea, and Indochina—except that the Spaniards won hands down, politically and on the field of battle: there was then no talk of armistice, cease-fire, disarmament, or appeasement; it was a showdown—and communism has never raised its treacherous head below the Pyrenees. The Russians learned something

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there—though the West persisted in harassing Spain in the madness that the gods are said to decree before the end.

THE FRENCH POSITION: DE GAULLE INTRANSIGENT

De Gaulle's somewhat startling recognition of Red China is deeply rooted in history and personal memory: history—in that France operated for a century in the present Vietnam region. While she lost her war against Ho Chi Minh, she was in the same fix as the Dutch. Faithful wartime allies thrown to the dogs, in U.S.-U.N. diplomatic intrigues, under the aegis of a professed but phony anticolonialism, ignoring Russian slave economy and domination and pushing to extremes in fanning African nationalism which was nothing but agitation by professional troublemakers of the Nkrumah, Toure, and Castro variety.

Personal resentment—in that De Gaulle was manhandled and "chivvied" by two sadistic experts: Roosevelt and Churchill. He had no easy time after 1945. The anglophile predilections of the United States always gave preferential positions to England. She could recognize Red China—without a murmur from Washington. She was given access to nuclear secrets (after contributing a German spy, Klaus Fuchs, to infiltrate the Manhattan project and pass them on to the Kremlin) while France had to spend itself dizzy to duplicate what we already had available. In the end, this was a public declaration of distrust in American leadership, shared by several European allies.

It is not clear what this recognition will do above and beyond what British recognition did, some 10 years ago. It may upset the United Nations' appellation—but that creaking monstrosity needs upsetting, sooner or later.

What infuriates Washington—and with justification—is the puny contribution of France to the NATO general defense scheme.

A ragged group of French resistance fighters newly emerged from underground huddled outside the Hanoi Opera House one rainy night shortly after V-J Day. They had starved, risked their lives to save downed American pilots, and provided us with information. Inside, General Phillip Gallagher sat in an opera box with Ho-chi-Minh. The two made speeches, shook hands to the flash of camera bulbs, swore mutual support. The leader of the group in the rain, against whom Ho and the American general were uniting, is today one of France's Soviet affairs specialists. One of his officers (also present that night in Hanoi) is in the Palais Matignon office of the French Premier. Another is in the French Embassy in Brussels, and a fourth is a colonel in Algeria.

Said a Paris weekly when Mr. Couve de Murville exchanged harsh words with Dean Rusk in Bangkok in late March: "150 American agents have been working in Laos for 6 years to drive out first the French and after them the Pathet Lao."

The 1954 Geneva Accord made France responsible for defense of Laos with the right to maintain 6,000 men at Seno. Relations were good, there was no bitterness. Gradually forces were reduced to 3,000. Algeria forced the recall of 2,500 more. Americans replaced them. By common consent they stayed in their own fields for a time; then the familiar popularity contest against our ally started. A French professor paying a courtesy call on the USIS chief in Vientiane was greeted by the latter's wife, holding a long drink, and a sneer. In February Boun Oum told French troops to get out. Couve de Murville was asked for military support 1 month later.

Is there a chance of closer cooperation in the future? Probably not. American agents in the field and "policy" at home adhere to the fallacy that the valid anti-Communist force is the non-Communist left. Result:

In each country, including our own, an alliance between Communists and us against the anti-Communist right and center is created. Under such combined weight, a leftward slope on which sheer force of gravity does the rest.

WHAT IS BRITAIN'S POSITION?

Said Lord Beaverbrook's paper (the Observer), "Central Intelligence Agency has in the past run its own policies, quite separately from the State Department, in Laos, Vietnam, and Egypt. CIA is active in Washington politics. Its top men talk to a journalistic elite there and with these briefings buy precious support." Britain had never been consulted. She wanted no repetition of Malaya. Besides, Laos was only a prelude, as Britain saw it: South Vietnam is the big objective.

INDOCHINA AND NATO

While figures were carefully soft-pedaled, a fair estimate indicates (see "Letter to the President") that about half a million men, French plus native auxiliaries, were engaged in Indochina; the bulk of the French, at least 80 percent were Legion Etrangere and Moroccans; about 30,000 were Armees Metropolitaines or volunteers, comprising 7,000 officers and 23,000 noncommissioned officers, principally technical staffs. This group can be said to represent cadres for four to six European divisions and was used by the French as an argument to explain the delay in furnishing NATO contingents. The same situation prevailed as regards Red-agitated Algiers. The capacity of France to mobilize adequate military forces in Europe and in Asia is difficult to assess; however, past performance of several European powers is illuminating to say the least, viz:

Divisions	1914-18	1939-45	1928	1960	Percent
Benelux.....	18	22	17	4 1/2	25
Great Britain.....	80	49	23	4	18
France.....	118	90	25	4	16
Germany.....	248	190	10	9	90
Italy.....	45	50	25	8	31

Compared with the output in the 1928 column (a normal peacetime year with the Russian threat negligible), the percentage performance of the Western Allies (last column) is totally inadequate.

Since 1914, the French have never had less than 25 to 30 Regular Army divisions in being; this is a point of considerable significance and has a direct bearing on their capacity to meet the modest requirements for NATO; actually, the same discrepancy must be charged against other member powers—Italy, Belgium, the Dutch, none of them seem able to develop anything like the number of prewar divisions in a normal peacetime year like 1928. Granted for the sake of argument, that the spiral of living costs and material costs have shot up to two or three times the prewar levels, the collateral dollar contributions of the United States have been proportionally enormous in terms of local currencies. There cannot be an argument that manpower is not still available in mid-Europe, to be conscripted as required, a process to which Europeans have been socially conditioned for over a century. Such considerations make even a suggestion that Americans be drafted for Indochina abhorrent—unless and until local native draftees have been called in greater numbers than to date. Who wants to die for Phnom Penh?

CONCLUSIONS AND RECOMMENDATIONS

1. The Indochina situation in (1954 and again in 1964) is a repetition of the worldwide Communist conspiracy—as in Korea, in Greece and in Spain.

2. The strategic impact is more important than Korea, which was bloodletting with-

out recompense; the stakes in southeast Asia are bigger, higher, better.

3. The stakes are access to and control of enormous strategic raw materials: rubber, manganese, oil, tungsten, tin and rice.

4. In 1941-45 the Japanese made a major bid for these stakes. The Communist general staff follows the Japanese blueprint.

5. The Japanese master plan did not stop in Indochina. It moved westward toward Siam, Malaya and Burma, and southward toward Indonesia and the control of the Malay barrier.

6. In the meantime, French Indochina had to face the challenge, 1945-54.

7. While the French assumed a frontline responsibility, the United States carried 80 percent of the costs of the war (1954).

8. The defense of Dienbienphu was a brilliant chapter in the annals of the Foreign Legion. It belongs with the great defense of "Hacienda de Camerone," April 30, 1863, when 62 legionnaires fought 2,000 Mexicans to the end.

9. Dien Bien Phu did not settle the Indochina nor the greater Asiatic problems. It has grown beyond the French and called for collective action. Since the United Nations are notoriously ineffective, a regional, geographical accord had to be developed. It is to the credit of the Eisenhower-Dulles team that steps were taken to make this possible, i.e., a "Pacific Treaty Organization" expanded from the tentative ANZUS, the Australia-New Zealand-United States Treaty. It is now known as SEATO.

10. As diplomatic maneuvers are contingent on effective military forces, there must be a reexamination of military means in the current global struggle. The West lost its ascendancy when it sold its exclusive modern weapons—rifles, machineguns and artillery, armed the inexhaustible cannon fodder of Asia, and thus created an impossible discrepancy of numbers and ground forces: the expensive Western draftee cannot survive, in ratios of 1 to 10 or higher, against expendable Asiatic coolies armed with Russian or Czech tommyguns.

11. It is a corollary that hostile or neutral Asiatic manpower should be balanced by friendly Asiatic manpower. The Soviets have been more successful than the West to utilize foreign troops under a nationalist or volunteer cover. We must do likewise. The immediate reservoir for the West is Thailand, Vietnam, Formosa, the Philippines. The Nationalist Chinese Army has a right for action against mainland Chinese. Other vulnerable people in the Pacific area can probably be induced to defend themselves under this formula; they need armies and they need training. American aid thereafter must be sharply limited to defense and not to socialistic welfare schemes; the American economy cannot stand both. As a corollary, there must be a sharp break with previous welfare-state or socialistic projects within America. Taxed to the breaking point of diminishing return, the United States must shift from welfare-butter to guns, in a situation that was never more critical for Western civilization, than the inroads of Attila and Ghengis Khan.

12. The dangerous impasse of manpower supremacy can be resolved only by a reexamination of armaments balances, along the following lines:

(a) Increased security to prevent further sales or thefts (thru espionage and Communist sympathizers) of modern inventions, i.e. airplane design; atomic design; improved weapons design, etc.

(b) The exploitation of "mass destruction" weapons to offset the inexhaustible manpower of Asia, employed as the cannon-fodder of communism and a tool of the modern Ghengis Khans in the Kremlin.

(c) A decision to use these weapons, in whole or in part, imposes no more moral

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strain than when Truman unleashed the first atomic bombs on Hiroshima and Nagasaki; indeed—the provocation was far less.

(d) The basic principle of employment has already been accepted when Washington announced "massive retaliation" by the Air Force.

(e) These weapons can utilize older models, now in stock, to create a belt of "scorched earth" across the avenues of entry of the Communist hordes in Asia, applying the same principle of the "cordon sanitaire" that was openly planned for Eastern Europe, in the twenties.

13. The supremacy of the West at sea and in the air can deliver these weapons without recourse to ground forces.

14. The fear and implication that this action will bring Russia into open war, is always present, everywhere. In the Far East, however, the strategic situation is unfavorable to Russia and Red China. They have no Navy that can challenge the West out there. They are vulnerable in a single supply line in Siberia, the Trans-Baikal Railway, which can be reached by American planes from present positions. A single air mission will isolate Soviet Siberia from its European base of supply. A single air mission will paralyze every port from Vladivostok to Shanghai, selected at random.

Finally, it is not yet established that a Russian or Chinese conscript will fight with greater skill than an American draftee. The greatest mass surrenders in World War II were made by Russian soldiers. It is not yet established that the Russian or Chinese conscript will die for Pnom Penh with any greater enthusiasm than his American counterpart—when Kall, the Goddess of Death and Destruction will raise her blood-stained arms and call for sacrifice on the darkest night of November.

PANAMA CANAL ZONE: MOST COSTLY U.S. TERRITORIAL POSSESSION

(Mr. FLOOD (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FLOOD. Mr. Speaker, among the questions frequently raised incident to current discussions over the Panama Canal are the juridical status of the United States in the Canal Zone and the cost of its acquisition.

The sovereignty of the Canal Zone and the title to the Panama Canal were covered at length in my address in the Record of March 9. In broad terms, the zone may be described as an extension of the territory of the United States subject to the laws of our country.

In addition to obtaining the grant of sovereignty over the Canal Zone from Panama, the United States acquired title to all land and property in the zone through purchase from individual owners.

To enable realistic comparisons with the costs of other territorial purchases and acquisitions, I shall list the major ones:

Date and Territory	Cost
Year 1803—Louisiana Purchase	\$15,000,000
Year 1821—Florida Purchase	6,674,057
Year 1848—Mexican Cession, including California	15,000,000
Year 1853—Gadsden Purchase	10,000,000
Year 1867—Alaska Purchase	7,200,000
Year 1904—Canal Zone	

On my request, the Department of the Army, on March 31, 1964, reported that the total cost of acquiring the Canal Zone is now over \$144,568,571. In this light, the Panama Canal Zone is the most costly territorial extension ever acquired by the United States. No wonder President Theodore Roosevelt likened it as comparing in importance with the Louisiana Purchase.

The indicated \$144,568,571, of course, does not include the costs of constructing the Panama Canal and the various canal and defense installations in the zone, which are enormous and total billions. To even discuss the idea of retrocession to Panama of the Canal Zone with all the vast investment that it represents is like suggesting negotiations for the return of the Louisiana Purchase and the vast investment in it to France.

The indicated exchange of letters follows:

HOUSE OF REPRESENTATIVES,
March 23, 1964.

Hon. STEPHEN AILES,
Secretary of the Army,
The Pentagon, Washington, D.C.

DEAR MR. SECRETARY: The records of the Congress indicate that in addition to the purchase of sovereignty over the Canal Zone by Panama, which was indemnified for this grant, the United States acquired title to all the land and property in the Canal Zone, including the holdings of the New Panama Canal Co. of France and the Panama Railroad, from individual owners.

In order that the Congress may be accurately informed as to the total cost of acquiring the Canal Zone and its auxiliary areas full information in tabular form is desired.

An early reply is respectfully requested.

Sincerely yours,

DANIEL J. FLOOD,
Member of Congress.

DEPARTMENT OF THE ARMY,
OFFICE OF THE UNDER SECRETARY,
Washington, D.C., March 31, 1964.

DEAR MR. FLOOD: In reply to your request in your letter of March 23, the following is a tabulation of the cost of acquisition of the Canal Zone as reflected in the accounts of the Panama Canal Company:

Republic of Panama:	
Original payment, 1904 (1903 treaty).....	\$10,000,000
Annuity, 1913-63 (1903, 1936, and 1955 treaties).....	30,150,000
Property transfers:	
Property in Panama City and Colon, 1943.....	11,759,956
Water system in Panama City and Colon (unamortized cost).....	660,226
1955 treaty transfers.....	22,260,500
Colombia (1922).....	25,000,000
Compagnie Nouvelle du Canal de Panama (1904).....	40,000,000
Private titles, stock, and claims.....	4,728,889
Total.....	144,568,571

The assets acquired from the New French Canal Company included 69,887 shares of the stock of the Panama Railroad Company. The remaining 1,013 shares were acquired from individual owners for about \$150,000 included in the item "Private titles, stock, and claims."

Sincerely,

HARRY C. McPHERSON, Jr.,
Deputy Under Secretary of Army (IA).

CHANGING GENERAL ACCOUNTING OFFICE AUDITS OF THE FEDERAL HOME LOAN BANKS AND THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION FROM A FISCAL YEAR TO A CALENDAR YEAR BASIS

(Mr. FASCELL (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, under existing provisions of the Government Corporation Control Act the financial transactions of the Federal Home Loan Banks and of the Federal Savings and Loan Insurance Corporation are required to be audited by the General Accounting Office for each fiscal year ending June 30. The Comptroller General of the United States is required to make a report to the Congress of each such fiscal year audit not later than January 15 following the close of each fiscal year.

I am introducing a bill which would amend these provisions so as to require General Accounting Office audits of the Federal Home Loan Banks, and of the Federal Savings and Loan Insurance Corporation, to be on a calendar year, rather than a fiscal year, basis. The bill would further provide that the Comptroller General's reports to the Congress on such audits must be made not later than July 30 following such calendar years.

A recommendation that the Congress enact such legislation as to audits of the Federal Home Loan Banks was made by the Comptroller General on February 14, 1964, when he transmitted to the Congress the latest audit report of the Federal Home Loan Banks, for the fiscal year ended June 30, 1963. Subsequently, on March 31, 1964, by letter to me, the Comptroller General recommended that such legislation also include GAO audits of, and the Comptroller General's reports on, the Federal Savings and Loan Insurance Corporation.

The 12 Federal home loan banks and the Federal Savings and Loan Insurance Corporation maintain their accounting and financial records on a calendar year basis, the normal business year of the banking industry. They also prepare their financial statements—which are included in the Federal Home Loan Bank Board's report to the Congress—on a calendar year basis.

Adoption of the changes proposed in my bill would permit financial reporting to coincide with the accounting periods of the Federal home loan banks and of the Federal Savings and Loan Insurance Corporation. It would also facilitate the General Accounting Office's audits of those agencies. The waste and duplication of effort presently involved in composing the operating figures of the Federal home loan banks and of the Federal Savings and Loan Insurance Corporation to a fiscal year basis in order to comply with existing reporting requirements would be obviated.

The Legal and Monetary Affairs Subcommittee of the House Committee on